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FIRST COUNTRY COOPERATION FRAMEWORK FOR TUVALU (1997-2001)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Tuvalu (1997-2001) is the result of an ongoing consultative process between the Government and UNDP. As the initial step in determining the scope and nature of UNDP/Government collaboration, UNDP prepared two preliminary documents, an advisory note for the CCF and a concept paper for the subregional programme. The two documents summarized UNDP global, regional and national frameworks for programming. In the advisory note, UNDP provided the Government with its views on how it might best support national development efforts. While the advisory note presented the views of UNDP, it was prepared after extensive dialogue with the Government, civil society, and other bilateral and multilateral aid partners active in Tuvalu.

2. Following a workshop on sustainable human development (SHD), held in Funafuti, in September 1996, which was attended by officials of key government departments and non-governmental organizations (NGOs) involved with UNDP-supported programmes, formal consultations were held between the Government and UNDP. The draft advisory note was subsequently amended by UNDP to provide a clear focus on SHD issues in the country, in order to constitute the basis for the first CCF.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Development goals and priorities

3. Development policies and programmes of the Government of Tuvalu are explained in the Kakeega o Tuvalu, the Government's National Development Plan for the period 1995-1997. The Plan addresses all of the main aspects of SHD, namely, poverty eradication, employment generation and sustainable livelihoods, promotion of gender equality, sustainable management of the environment, and good governance.

4. The five priority programmes in the Government's National Development Plan are:

(a) Reforming the public sector, which is viewed as the key to improving economic performance, the quality of social services such as health and education, and self-motivation within the communities of Tuvalu;

(b) Restructuring the economy to encourage export-oriented business investments, which will involve the formulation of economic and industrial development policies and support for savings and investment. Expected outcomes include increased employment in the formal sector and greater income-generating opportunities, which, in turn, would allow for better social services and living conditions for the population;

(c) Improving the infrastructure, with priority on transport and communications, particularly inter-island shipping and telecommunications. This

will help to improve the environment for expanded business activities and investment, as well as contribute substantially to the improvement of social services;

(d) Implementing the Education for Life Programme, which is geared towards raising the standards of education and training to enable individuals to meet their basic needs and promote improved social well-being;

(e) Upgrading the quality of life in local settlements, which will be facilitated by successful implementation of the other priority programmes.

Current problems and challenges

5. Tuvalu, which consists of nine widely dispersed coral atolls, is classified by the United Nations as a least developed country. The national economy is constrained by the small, isolated and dispersed land area, sparse and fragile natural resources, inappropriate infrastructure, a narrow economic base, and, consequently, limited means by which to improve living standards. Its economy is predominantly subsistence in nature, with agriculture and fishing accounting for 80 per cent of national income.

6. Tuvalu depends heavily on external assistance, remittances from workers overseas and returns on the Tuvalu Trust Fund. The majority of the people of Tuvalu are engaged in semi-subsistence-level agriculture and fishing, and government employment accounts for more than 60 per cent of formal employment. Economic growth prospects in Tuvalu are limited and are dominated by the service industry. Present living standards may be difficult to sustain, given the current slow growth in government employment and the probable reduction of foreign aid to Tuvalu. Exports are low relative to imports, contributing to high government budget deficits in recent years. The Government of Tuvalu aims to restructure the economy in order to encourage economic activity, particularly business investment, employment, and productivity.

Human development and economic indicators for Tuvalu

Social indicators		Economic indicators	
Population size	9 000	GDP per capita	$1 480
Average population density	346/sq km	Aid as percentage of GDP	63
Population growth rate	1.7 per cent	Average budget deficit as percentage of GDP (1990-1995)	5
Birth rate	2.1 per cent	Percentage of labour in formal employment	27
Infant mortality rate	56/1,000 live births	Women as percentage of those formally employed	37
Adult literacy rate	99 per cent	Percentage of public expenditure on education	15.7
Life expectancy at birth	67 years	Expenditure on health as percentage of GNP	5.1
		Expenditure on public administration as percentage of GDP	2

Source: Asian Development Bank, August 1996. "Pacific studies series: sociocultural issues and economic development indicators in the Pacific Islands", Manila, the Philippines.

Poverty Prevention

7. According to the Pacific Human Development Report (1994), Tuvalu has a human development index value of 0.652, which places it in the medium human development category. Living conditions are relatively good, most people have adequate shelter, and the country is free of serious diseases. The population benefits from political stability and strong cultural and community ties. The strength of community organization, good access to subsistence resources, and fairly equitable distribution of national income guard against poverty. Yet there are vast differences in living standards between Funafuti and the outer islands, a situation which reflects uneven development and the concentration of economic activity on Funafuti. Uneven development leads to a lower standard of living in remote communities and in overcrowded settlements on Funafuti.

Sustainable livelihoods

8. Approximately 75 per cent of Tuvalu's labour force work in the informal sector, mainly in subsistence farming and fishing. An estimated 25 per cent of the labour force is employed in the formal sector. Women comprise 78 per cent

of the labour force in the subsistence economy and 37 per cent of people in cash employment. Many people work abroad. Migration from the outer islands to Funafuti and underemployment of youth put pressure on the job market and contribute to other problems, such as overcrowding, stress on services, and land disputes. School leavers and unemployed youth therefore need to be trained for self-employment.

Gender in development

9. Gender differences in Tuvalu are small, but gender imbalances exist in professional employment (2 males:1 female); secondary school enrolment (60 males:40 females); overseas training opportunities (60 males:40 females); and paid employment (62 males:38 females). The distribution by grade of public service employees in established posts also reveals disadvantages faced by women; most jobs held by women in 1991 were of a clerical and unskilled nature. Only in small, private businesses do women outnumber men, although few women receive business loans. Meanwhile, women's groups provide important community and social services and promote better living conditions, especially in relation to health and sanitation. Efforts to improve the health, education and productivity of women are central to Tuvalu's national development.

Sustainable environment

10. Many of Tuvalu's pressing environmental problems relate to congested conditions on Funafuti, resulting from the combination of increased population, changing technology and increased consumption, poorly planned use of land, overtaxed water, sewerage, and waste disposal systems, on the one small atoll. If migration to Funafuti continues at the current rate, Funafuti will soon face severe population density and sanitation problems. The Kakeega states that environmental issues will be incorporated in all development proposals, and environmental impact assessments will be incorporated where necessary. The need to improve public knowledge about the sustainable use of natural resources is being addressed partly through the Government's Education For Life Programme in the schools. An amendment to the existing environmental legislation is being considered by the Environment Unit. Tuvalu can benefit from non-core resources available to the Pacific subregion in the area of environmental management (the Global Environment Facility and Capacity 21), poverty alleviation (Poverty Strategy Initiative) and aid coordination. UNDP will keep the Government informed of these and other sources of extrabudgetary funds in specialized areas.

Governance

11. Public sector reform and decentralization are viewed as key ways to improving governance. As reflected in the Government's medium-term economic framework (Kakeega), the goals of public sector reform are to define the set of functions that are best provided by the Government and to provide these services in the most efficient and cost-effective way, in order to maximize the contribution of the public sector to community welfare and economic growth. Public sector reform programmes have already started and SHD considerations need to be factored into the decision-making processes of the Government.

II. RESULTS AND LESSONS OF PAST COOPERATION

12. The third country programme for Tuvalu, which covered the period 1992-1996, focused on three areas: education and vocational training, outer-island development, and economic and financial management. The implementation and management arrangements promoted the participation of non-governmental organizations and community groups, particularly in outer-island activities, the continued reliance on United Nations Volunteer (UNV) specialists and the increased use of national execution modality for technical assistance.

13. The mid-term review of the third country programme, conducted in June 1995, found that the three core programme areas were consistent with the priorities and needs of the Government and the people of Tuvalu, as well as with the UNDP focus on poverty eradication and SHD. It was also noted that national execution was an efficient implementation modality, and the employment of United Nations Volunteers was regarded as an effective mechanism for transferring skills to national counterparts and the general population.

III. PROPOSED STRATEGY AND THEMATIC AREAS

14. The overall strategy for UNDP cooperation will aim at preventing the erosion of the quality of life in Tuvalu and enhancing national capacity to formulate, implement, and manage policies and programmes in support of SHD. The strategy takes into account recommendations of the mid-term review and is in line with the Government's development priorities as delineated in the Kakeega. UNDP will also support the Government in its efforts to make better use of its diminishing external assistance through improved aid coordination, as well as seek resource mobilization.

15. Activities under the first CCF will continue to emphasize building institutional capacity for policy formulation and development at the grass-roots level, which, in turn, requires that the necessary institutions are in place and operating properly. SHD will be promoted by working through civil society organizations and the private sector to implement innovative and catalytic projects. More attention will be given to impact assessment and monitoring.

16. Within this framework, and building on past UNDP supported initiatives in local government reform and private sector development, the overall theme of the first CCF is the promotion of sustainable livelihoods.

17. UNDP support will be targeted at maintaining sustainable livelihoods, particularly in the rural and subsistence sectors, by helping to develop entrepreneurial skills and opportunities, thereby facilitating the engagement of people in productive enterprises and supporting individual and family aspirations for higher incomes and standards of living. All activities will support the Government's overriding objective of providing equal development opportunities to all island communities. Moreover, the promotion of gender equity and environmental considerations will be integrated into all programme designs and activities.

A. Strengthening good governance

18. UNDP will support the empowerment of individual citizens as well as organized groups to articulate their interests, exercise their legal rights and obligations, and mediate their differences. The goal is to create an enabling environment in which: (a) civil society facilitates political and social interaction, mobilizing groups to participate in economic, social and political activities; (b) the private sector generates jobs and income; and (c) the State creates a conducive political and legal environment. This will assist the Government in its ongoing policy of strengthening local governance. The following results are envisaged: (a) situation analysis completed; (b) operational mechanisms in place; (c) training for capacity-building implemented; and (d) significant civil society and private sector participation in the design, implementation, and evaluation of national development.

B. Job creation and the improvement of sustainable livelihoods

19. In this area of concentration, the emphasis will be on the disadvantaged, especially those in rural areas and those who are dependent on subsistence-level activities for their livelihoods. UNDP is helping to analyse the patterns of the disadvantaged in Tuvalu to further determine how disadvantaged groups can best be assisted. Ongoing and planned activities include: (a) developing national SHD and poverty indicators as planning tools; preparing national poverty prevention strategies and programmes in accordance with the Integrated Rural Development Management Plan; and strengthening the capacity of NGO's for poverty alleviation activities and the monitoring of human deprivation. Impact indicators will be established and will result in: (a) the completion of situation analysis of disadvantaged groups in Tuvalu; (b) the development of nationally accepted SHD indicators; (c) the implementation of national poverty prevention strategies and programmes; (d) universal access to basic health care, including nutrition, reproductive health and family planning services; and (e) the reduction of infant and child mortality.

C. Support for investments, business development, and the expansion of vocational skills

20. UNDP will support the establishment or strengthening of a foreign investment advising body aimed at giving full information services and administrative support to potential foreign investors and promoting investment and business opportunities abroad. UNDP will also support the establishment of a Business Advisory Unit that will provide training in basic business management skills to nationals willing to start or expand a business. In broader terms, UNDP will assist in widening opportunities for vocational training relevant to both formal employment and subsistence livelihoods. Training will be made available through the school system, in conjunction with Tuvalu's Education for Life Programme, and/or through other appropriate channels, and every effort will be made to narrow the gender gap in terms of opportunities. Impact indicators will include: (a) increased foreign investments; (b) a greater number of successful business enterprises; (c) an increased number of students enrolled in business and vocational courses; (d) an increased number of women successfully

completing the training course; (e) revised school curricula and programmes for vocational training; (f) a wider range of non-formal training opportunities through community organizations; and (g) a decrease in the level of functional illiteracy in Tuvalu.

D. Facilitating access to micro-credit

21. Support will be provided to facilitate private sector development, particularly of small-scale businesses, by strengthening micro-credit schemes operated through existing institutions such as the Island Development Revolving Fund. Particular attention will be given to facilitating women's and women's organizations' access to credit and the development of businesses. Impact indicators will include: (a) micro-credit facilities available in all islands; (b) a substantial increase in the number of beneficiaries of micro-credit; (c) an increase in the number of female participants in micro-credit schemes; (d) investments in viable enterprises; and (e) the establishment of supporting legislation, insurance schemes and seed grants.

IV. MANAGEMENT ARRANGEMENTS

Aid coordination and management

22. The Government of Tuvalu is currently restructuring the Ministry of Finance and Economic Planning to ensure the more effective and efficient use of development assistance. This process includes the establishment of an Aid Coordination Unit, with UNDP support, to improve the existing aid coordination and management mechanism of the Government, which, in turn, will release the personnel in the planning department to work more closely with sectoral ministries in channelling aid resources.

Resource mobilization

23. The Government will work with the UNDP to mobilize resources in priority programme areas identified in the first CCF. Towards this end, the Government and UNDP will seek partnerships with other donors for the funding of activities, and will encourage bilateral and multilateral cost-sharing with UNDP to improve programme delivery.

Management of the cooperation framework

24. The Government and UNDP will jointly manage the CCF, including the detailed formulation of activities based on the present document, the appraisal and approval of individual programmes and projects, the monitoring and review of actual implementation, and the assessment of impact and evaluation of results. In light of increased decentralization, the Government and UNDP are working together to determine ways and means to streamline the management processes for the delivery of UNDP support, in particular, and official development assistance in general.

25. The Government has indicated its readiness to execute all future UNDP programmes nationally. There will be an emphasis on the employment of UNV specialists, building on their good performance in the Pacific. Although Tuvalu has had no experience with technical cooperation among developing countries or Transfer of Knowledge through Expatriate Nationals, efforts will be made to utilize these two modalities to the extent possible. NGO participation is another appropriate modality for project execution/implementation, particularly with regard to community participation and capacity-building in the outer islands.

Linkages to the subregional programmes

26. The thematic areas of the first CCF for Tuvalu are commensurate with the core theme of the proposed UNDP Pacific subregional programme: job creation and sustainable livelihoods, which will facilitate better integrated delivery of UNDP support. The areas of concentration of the first CCF are also consistent with the planned regional Private Sector Development Programme, particularly in the areas of entrepreneurship development and access to finance. There are also direct linkages with the basic education and life-skills components of the proposed regional Human Resource Development Programme. This complementarity will facilitate the mobilization of additional resources for specific project interventions and strengthen the overall impact of the country programme.

Monitoring and review

27. During the first CCF, UNDP will place greater emphasis on impact assessment. Baseline surveys will be used to collect information where data does not exist, and both qualitative and quantitative indicators will be developed to establish benchmarks against which programme impact will be assessed. Activities under the first CCF will be monitored jointly by Government and UNDP, through consultation and monitoring visits by UNDP staff at least every quarter. A triennial review of the CCF will be held in mid-1999.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR TUVALU (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	844	
TRAC 1.1.1	506	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	80	
Subtotal	1 430[a]	
NON-CORE FUNDS		
Government cost-sharing	176	
Sustainable development funds	-	
Third-party cost-sharing	507	
Funds, trust funds and other	-	
Subtotal	683	
GRAND TOTAL	2 113[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.